

March 15, 2022

The Honorable Marvin Abney  
Chairman, House Committee on Finance  
Room 35, State House  
82 Smith Street  
Providence, Rhode Island 02903

RE: H 7499

Dear Chairman Abney,

I extend my sincere apologies for not being able to appear before the committee in person, as business prevented me from doing so. However, I felt it important for my opinion to be heard.

I write to you today with great concern as a lifelong resident of the City of Providence, a former Mayor of Providence, active businessman, and property owner. I have not been shy in sharing my admiration for Providence and I believe it is evident in the work I continue to do in this great city. I don't like disagreeing with Mayor Elorza and I respect him for trying to fix the pension crisis, which was not his making. But unfortunately, I disagree with his solution to fix this problem.

Here are some reasons why I feel this solution will not work.

First, asking the people of Providence to vote on what is perhaps the largest bond issue in the city's history, which will exceed half a billion dollars, during a special election is not the right time to do so. Historically, special elections don't result in high voter turnout. We must have more transparency with taxpayers. I believe the best way to approach voters would be during the general election in November when a majority of people will be more aware of the issue and more willing to participate.

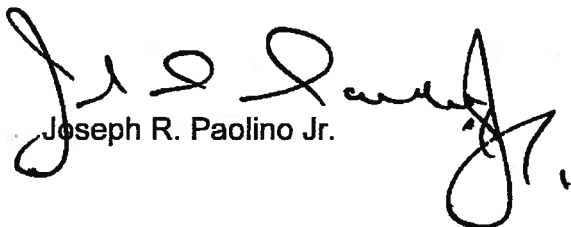
Second, inflation is at its highest level in forty years, interest rates are beginning to go up, not to mention we are witnessing a war and humanitarian crisis overseas, most of us have never witnessed before and one that is having a global economic impact. If Providence hasn't had the expertise in managing its pension system in the past, how do they plan on turning things around in today's uncertain economic climate? It doesn't make sense to me.

Those who previously served on the committee to review this are all fine people and care deeply about our community, but they really don't have the expertise of managing and investing multi-million-dollar pension plans. The better way to have received advice would be taking top people who handle investing for companies such as CVS Health, Providence Equity Partners, Brown University, Laborers' International Union of North America, Textron, Hasbro, Fidelity, to name a few. Top leaders in the aforementioned companies are responsible for investing billions of dollars to increase their endowment or secure pension funds, and have the best tools available to them that we in government do not have.

My solution is simple and clear. Appoint a group of financial experts from the labor and private sector to look at, not only Providence, but all of our municipal pension systems. I think it is finally time to include every city and town in the state pension system and have it managed by professional people that have the experience of running a system that gets results. It would eliminate substantial fees and amount in far less double-dipping when it comes to receiving multiple pensions.

I don't know any city that has saved their pension system by doing what is being proposed. As you know, Woonsocket failed miserably. It's a short-term strategy that comes with long-term risk. We are living in a turbulent economy right now and this is the wrong plan, at the wrong time, with the wrong solution.

Very Sincerely,



Joseph R. Paolino Jr.